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25 AUG 1961

MEMORANDUM FOR THE RECORD

SUBJECT : Central Intelligence Agency and Department of the Air Force Basic Understandings in Connection with Procurement Under Project OXCART/KEDLOCK Contracts

- REFERENCE: (a) Department of the Air Force letter to DCI dated 11 Jan 56 signed by Trevor Gardner (TS-142960)
- (b) DCI letter to the Secretary of the Air Force dated 30 Jan 56 signed by Allen Dulles (TS-142959)
- (c) Memorandum for the Record, subject same as this Memorandum, dated 8 Feb 56 (TS-143314)
- (d) Agreement, signed by Allen Dulles and General White, Organization and Delineation of Responsibilities Project OXCART, 15 Feb 60 (TS. 4403)

1. References (a) and (b) represent the basic agreement reached between the Central Intelligence Agency and the Department of the Air Force with respect to the utilization of special CIA contractual mechanisms to procure certain supplies and services required by the Air Force. By reference (c), procurements under Project AQUATONE in support of Project OARFISH/Air Force were made to the mutual benefit and gain to the United States Government.

2. New requirements have been established, the fulfillment of which will again be to the mutual benefit of both the CIA and the Department of the Air Force. Accordingly, the general agreements as outlined by reference (c) and as reiterated herein, set forth the basic general understanding of procurement and production efforts under Project OXCART/KEDLOCK.

3. Basic general understandings are as follows:



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b. CIA will implement the requirements set forth in writing by the authorized Air Force representative by negotiation of contracts for delivery of the required services and supplies. To assure mutual understanding, the authorized Air Force representative will certify that each contract is consistent with and in fulfillment of previously stated Air Force requirements.

c. The policies and procedures to be followed in connection with contracts negotiated on behalf of the Air Force by CIA shall be the same policies and procedures in effect on CIA contracts for similar procurements under Project OXCART. Requirements set forth by the Armed Services Procurement Regulations shall be complied with to the greatest extent possible, consistent with the unique security considerations inherent in these procurements.

d. The Air Force and CIA shall maintain close liaison on all aspects of Project OXCART/KEDLOCK and shall consult with each other, utilizing personnel designated for this purpose, whenever such consultation is required or indicated.

4. Specific Understandings:

a. Security: It is agreed that all aspects of security control in connection with contracts under this agreement are the responsibility and province of CIA. The Air Force shall be guided by the CIA in the discharge of Air Force security responsibilities under these contracts and the Air Force shall lend to CIA all assistance and cooperation in maintenance of the necessary level of security. Clearance requirements for the KEDLOCK Program will be handled through AFCIG-5 in the same manner as the basic OXCART Program.

b. Modifications:

(1) The basic concept governing the procurement of aircraft under the airframe contract contemplates that three (3) LRI versions of the A-12 will be procured as prototypes and test beds for the early development and possible acquisition of a follow-on program of a greater number of AF-12's configured as long range interceptors. It is anticipated that 80% of the design and development effort on the A-12 will be applicable to the Air Force LRI version. With the exception of the design criteria necessary to develop

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the LRI, all other aspects of the AF-12 will be as nearly identical as possible to the original A-12 version in order to effect the greatest percentage of interchangeability possible. Any modifications desired by the Air Force, exclusive of those required solely for development of the LRI, shall be made known to the CIA for purposes of determining whether such modifications are of interest to the CIA with respect to its own procurement of aircraft.

(2) With particular reference to mission equipments, it is recognized that the Air Force will desire installations peculiar to its own mission and not necessarily within the scope of current CIA contractors. In those areas where the Air Force desires to procure equipments from suppliers not presently under contract to CIA, the CIA will, where security requires and permits, place such a contract with the sources desired by the Air Force.

c. Progress Reports: Progress Reports under these contracts shall be submitted to the Air Force Project Office. The Contracting Officer will also receive a copy of each progress report for review and/or retention.

5. Implementation - CIA Responsibilities:

a. Negotiate and execute contracts, together with the administration and settlement thereof, in furtherance of written requirements from the Air Force representative to the Contracting Officer.

b. Issue to contractors from time to time change orders to the contracts to reflect additional or changed work requirements indicated in writing to the Contracting Officer by the Air Force representative. (Any and all changes in contract requirements and specifications whether involving additional costs or whether involving no additional costs shall be issued to the Contractor through the Contracting Officer).

c. Pay progress payments as contractually appropriate during life of contracts.

d. Establish a secure payment procedure for vouchers submitted by the contractors.

e. Establish in conjunction with the Air Force a system of inspection and acceptance.

f. Arrange with the Contractors for periodic reports (fiscal, financial and work progress).

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g. Arrange with the Air Force and the contractors for an audit system utilizing cleared Air Force auditors.

h. Arrange for delivery and shipment of completed items.

i. Establish, with concurrence of Air Force, time and method of redetermination of the contract prices.

6. Implementation - Air Force Responsibilities:

a. Furnish written scope of work requirements for procurement guidance of CIA, including initial Letter Contracts, Definitive Contracts, and specifications or other changes desired by the Air Force regardless of whether or not such changes involve a change in the cost of the services and supplies.

b. Furnish inspection and acceptance personnel and perform inspection and acceptance duties by means of Air Force designated representatives.

c. Monitor contract performance from a technical standpoint and provide advice and guidance to the Contracting Officer thereon.

d. Furnish delivery and shipping instructions for completed items.

e. Furnish cleared audit personnel to be utilized on contracts for the advice and guidance of the Contracting Officer, Approving Officer, and Certifying Officer.

f. Furnish certification of satisfactory contractor performance from a technical standpoint for the advice and guidance of the Contracting Officer.

g. Furnish any other advice, guidance or material required by the Contracting Officer and available in the Air Force to effectively negotiate, administer, and settle all contracts for this project written by CIA on behalf of the Air Force.

h. Furnish any GFAC required for effective performance of the contract work.

7. Other Provisions:

a. As previously agreed by Mr. Bissell and Gen. Estes, LAC line ships 7, 12 and 13 will be configured as prototype AF-12's and assigned to the Air Force, thus affording an early Air Force evaluation of the LRI version.

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b. The Air Force will use CIA flight test facilities consistent with the dictates of security and program interests.

c. Representatives of the Air Force Project Office will participate in the early flight test evaluation programs of the A-12. Such participation being primarily in the interest of mutually furthering the development of the weapon system.

d. A representative of the Air Force office may participate, as deemed appropriate, in management meetings held from time to time during the development of the A-12.

APPROVED:

FOR CENTRAL INTELLIGENCE AGENCY

FOR DEPARTMENT OF THE AIR FORCE

BY SIGNED
Allen W. Dulles

/s/

TITLE Director

JOSEPH V. CHARYK
TITLE Under Secretary of the Air Force

DATE 25 AUG 1961

DATE 18 March 1962

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